

Message Text

CONFIDENTIAL

PAGE 01 ISLAMA 00720 01 OF 02 230425Z

11

ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 SS-15 AID-05 CEA-01 CIAE-00

COME-00 EB-07 EA-07 FRB-03 INR-07 IO-11 NSAE-00

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

FEA-01 ERDA-05 DODE-00 FPC-01 H-02 INT-05 L-03 NSC-05

PM-04 USIA-06 SAM-01 OES-03 STR-04 /131 W

----- 115885

R 221130Z JAN 76

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 3770

INFO AMEMBASSY TEHRAN

AMEMBASSY JIDDA

AMEMBASSY NEW DELHI

US MISSION OECD PARIS 854

C O N F I D E N T I A L SECTION 1 OF 2 ISLAMABAD 0720/1

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: CIEC DIALOGUE

REF: STATE 009962, ISLAMABAD 38, STATE 15466

DEPARTMENT REPEAT AS DESIRED

BEGIN SUMMARY: EMBOFF DISCUSSED PRESENT STATE OF
CIEC DIALOGUE WITH MFA DIRECTOR (UN) MUNIR AKRAM, AND
GAVE HIM A LIST OF THE U.S. HEADS OF DELEGATION TO
THE FOUR COMMISSIONS. AKRAM'S DESCRIPTION OF PAKISTAN'S
POSITION SUGGESTED THAT PAKISTAN IS STILL TRYING TO
STAY OUT OF THE OIL PRICING AND COMMODITY PRICE
INDEXING CONTROVERSIES WHICH IT BELIEVES WILL DOMINATE
THE ENERGY AND RAW MATERIALS COMMISSIONS. THE KEY
ISSUE FOR PAKISTAN CONTINUES TO BE "EMERGENCY
MEASURES" TO ASSIST PAKISTAN AND OTHER LDC'S WITH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ISLAMA 00720 01 OF 02 230425Z

THEIR BALANCE OF PAYMENTS CRISES. PAKISTAN IS

APPREHENSIVE ABOUT THE CONFLICT OF INTEREST WHICH MAY DEVELOP ON THIS ISSUE BETWEEN PAKISTAN AND THE OPEC COUNTRIES. THIS ISSUE WILL DOMINATE PAKISTAN'S PARTICIPATION IN BOTH THE DEVELOPMENT AND FINANCE COMMISSIONS.

IN GENERAL, THE GOP SEEMS TO BE REASONABLY ENCOURAGED BY THE PROGRESS MADE IN CIEC THUS FAR. PAKISTAN DELEGATIONS TO THE DEVELOPMENT AND FINANCE COMMISSIONS WILL BE HEADED BY ADDITIONAL FOREIGN SECRETARY NIAZ NAIK. END SUMMARY.

1. EMBOFF WENT OVER THE MATERIAL IN FIRST REFTEL WITH MFA DIRECTOR (UN) MUNIR AKRAM JANUARY 21, LEAVING WITH HIM A LIST OF THE U.S. HEADS OF DELEGATION TO THE FOUR COMMISSIONS. AKRAM IN TURN OUTLINED THE PAKISTAN POSITION AS IT WAS DEVELOPING ON BOTH PROCEDURAL QUESTIONS AND THE WORK PROGRAM FOR THE FOUR COMMISSIONS.

2. PROCEDURAL: PAKISTAN HAS SUPPORTED THE PAPER EVOLVED BY THE GROUP OF 19 ON THE WORK PROGRAM FOR THE COMMISSIONS. ON THE ROLE OF THE FULL CONFERENCE OF 27, AKRAM SAID THAT THE GOP TOOK THE POSITION THAT THIS ROLE MUST EVOLVE GRADUALLY AS THE COMMISSIONS' WORK DEVELOPS.

3. PAKISTAN ALSO SUPPORTS A FEW EXTENDED MEETINGS FOR THE COMMISSIONS, RATHER THAN MORE FREQUENT SHORT MEETINGS. RATIONALE FOR THIS POSITION IS BASED ON PART ON THE HIGH CET# OF PAKISTAN AND OTHER LDC'S OF SENDING OFFICIALS TO PARIS SEVERAL TIMES FOR SHORT MEETINGS. AKRAM ALSO MENTIONED THAT GOP BELIEVED THAT EACH MEETING OF THE COMMISSIONS WOULD REQUIRE A CERTAIN AMOUNT OF TIME TO "WARM UP" BEFORE GETTING DOWN TO SERIOUS NEGOTIATIONS, WHICH WOULD PROBABLY RESULT IN WASTING A LOT OF TIME. (THIRD REFTEL ARRIVED AFTER THIS CONVERSATION TOOK PLACE, SO EMBASSY IS FOLLOWING UP WITH AN AIDE-MEMOIRE TO MFA GIVING THE RATIONALE FOR STRONG U.S. SUPPORT FOR SHORT MEETINGS.)

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ISLAMA 00720 01 OF 02 230425Z

4. ENERGY: AKRAM SAID THAT PAKISTAN EXPECTED AN EXTENSIVE DISCUSSION OF OIL PRICES. HE MENTIONED A PROPOSAL, APPARENTLY FROM THE OPEC COUNTRIES, THAT OIL SHOULD BE PRICED ACCORDING TO THE COST OF DEVELOPING NEW ENERGY SOURCES. HE GAVE NO INDICATION THAT PAKISTAN INTENDED TO STICK ITS NECK OUT BY TAKING A POSITION AGAINST INCREASING OIL PRICES.

5. RAW MATERIALS: AKRAM FELT THAT THIS COMMISSION WOULD BE THE MOST DIFFICULT ONE TO MANAGE. HE SAID THAT INDEXING OF RAW MATERIAL PRICES FIGURED PROMINENTLY IN THE GROUP OF 19 PAPER. PAKISTAN, HE SAID, "HAD NOT HAD TO TAKE A POSITION" ON INDEXING, AND SUGGESTED THAT THE GOP WOULD PREFER TO STAY OUT OF THIS CONTROVERSY AS WELL. AKRAM HAD THE IMPRESSION THAT GOP EXPERTS WERE DUBIOUS ABOUT INDEXING, AND FEARED ITS POSSIBLE EFFECTS ON PAKISTAN'S TERMS OF TRADE. AKRAM SAID THAT THE MOST HE THOUGHT THE RAW MATERIALS COMMISSION COULD ACHIEVE WOULD BE SOME SORT OF OVERALL GUIDELINES WITHIN WHICH MORE SPECIALIZED GROUPS COULD THEN NEGOTIATE AGREEMENTS FOR INDIVIDUAL COMMODITIES.

6. DEVELOPMENT: THE FIRST PRIORITY FOR PAKISTAN, AKRAM SAID, WOULD BE A STUDY OF THE MAGNITUDE OF THE LDC BALANCE OF PAYMENTS DEFICIT. PAKISTAN HAD TRIED TO GET THE GROUP OF 19 TO ADOPT AS PART OF ITS PAPER A PACKAGE OF "EMERGENCY MEASURES" TO BE CONSIDERED BY THE DEVELOPMENT COMMISSION ALONG THE LINES OF SECOND REFTEL. THE GROUP OF 19 DID NOT ACCEPT THIS PROPOSAL. THE GROUP OF 19 PROPOSAL OF AN "MSA ITEM" FOR EACH OF THE FOUR COMMISSIONS WAS ACCEPTED BY PAKISTAN AS A FALLBACK POSITION, BUT AKRAM SAID THAT PAKISTAN WILL CONTINUE TO PRESS FOR "EMERGENCY MEASURES" WITHIN THE DEVELOPMENT COMMISSION. THE GOP, HE SAID, WILL ALSO BE ANALYZING THE RESULTS OF THE IMF INTERIM COMMITTEE MEETING IN JAMAICA WITH THIS IN MIND.

7. BECAUSE THE DEVELOPMENT COMMISSION IS CONCERNED DIRECTLY WITH THE LDC BALANCE OF PAYMENTS CRISIS, AKRAM SAID, PAKISTAN IS IN AN ESPECIALLY DIFFICULT CONFIDENTIAL

CONFIDENTIAL

PAGE 04 ISLAMA 00720 01 OF 02 230425Z

POSITION THERE. THE GOP FEARS THAT IT WILL BE CAUGHT BETWEEN THE OIL PRODUCING COUNTRIES AND THE DEVELOPING COUNTRIES. IMPORTANT ECONOMIC INTERESTS DICTATE A PAKISTAN POSITION CLOSE TO THE DC POSITION ON THE KEY ISSUE OF MOBILIZING OPEC RESOURCES FOR THE VARIOUS INTERNATIONAL AID MECHANISMS UNDER DISCUSSION, WHILE PAKISTAN'S POLITICAL INTEREST IN NOT OFFENDING THE OPEC COUNTRIES REMAINS STRONG. AKRAM INDICATED THAT THE OPEC COUNTRIES DID NOT YET UNDERSTAND THE SERIOUSNESS OF LDC (READ PAKISTAN) BALANCE OF PAYMENTS PROBLEMS.

NOTE BY OC/T: #AS RECEIVED.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 ISLAMA 00720 02 OF 02 230519Z

11

ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 SS-15 AID-05 CEA-01 CIAE-00

COME-00 EB-07 EA-07 FRB-03 INR-07 IO-11 NSAE-00

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

FEA-01 ERDA-05 DODE-00 FPC-01 H-02 INT-05 L-03 NSC-05

PM-04 USIA-06 SAM-01 OES-03 STR-04 /131 W

----- 116471

R 221130Z JAN 76

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 3771

INFO AMEMBASSY TEHRAN

AMEMBASSY JIDDA

AMEMBASSY NEW DELHI

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 2 OF 2 ISLAMABAD 0720

8. FINANCE: AKRAM'S DISCUSSION OF THE WORK PROGRAM FOR THE FINANCE COMMISSION SUGGESTED THAT JURISDICTIONAL PROBLEMS MAY BE DEVELOPING BETWEEN THE DEVELOPMENT AND FINANCE COMMISSIONS. AKRAM SAID THAT GOP BELIEVED THAT THE FINANCE COMMISSION SHOULD BUILD UP SUPPORT FOR THE IMF AND IBRD RELATED MEASURES WHICH ARE ALREADY UNDER DISCUSSION (EXPANDED COMPENSATORY FINANCING FACILITY, IMF TRUST FUND, THIRD WINDOW, ETC.). IN RESPONSE TO EMBOFF QUESTION WHETHER THOSE SUBJECTS WERE NOT INCLUDED IN THE AREA COVERED BY THE DEVELOPMENT COMMISSION, AKRAM SAID THAT THEY WERE TO BE "REFLECTED" IN BOTH THE DEVELOPMENT AND FINANCE COMMISSIONS, ACCORDING TO THE GROUP OF 19 PAPER.

9. REPRESENTATION: AKRAM SAID THAT ADDITIONAL FOREIGN SECRETARY NIAZ NAIK WILL HEAD THE PAKISTAN DELEGATION TO BOTH THE DEVELOPMENT AND FINANCE COMMISSIONS. (BIOGRAPHIC DATA ON NAIK WILL FOLLOW
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ISLAMA 00720 02 OF 02 230519Z

BY SEPTTEL.) HIS DELEGATION WOULD PROBABLY INCLUDE A. H. KHAN (JOINT SECRETARY OF COMMERCE), AND OFFICERS NOT YET NAMED FROM THE STATE BANK AND THE MINISTRY OF FOREIGN AFFAIRS. WE SUSPECT THAT THE FINANCE MINISTRY WILL ALSO BE REPRESENTED. PAKISTAN'S CHARGE' IN PARIS WILL FOLLOW CIEC BUSINESS WHEN NO SPECIAL DELEGATIONS ARE IN TOWN.

10. GENERAL: AKRAM CHARACTERIZED PROGRESS IN CIEC THUS FAR AS "NOT BAD AS WE HAD FEARED." HIS DESCRIPTION OF THE WORK PROGRAMS FOR THE COMMISSIONS WAS SHOT THROUGH WITH COMMENTS ABOUT THE PITFALLS OF THESE NEGOTIATIONS. ONCE AGAIN EMBOFF WAS IMPRESSED WITH THE SENSE OF URGENCY SURROUNDING AKRAM'S DISCUSSIONS OF PAKISTAN'S BALANCE OF PAYMENT PROBLEMS. AKRAM ALSO GAVE THE IMPRESSION THAT THE DESIRE TO MAINTAIN A UNIFIED OPEC-LDC FRONT IS STRONG, DESPITE THE CONFLICTS OF INTEREST WITHIN THE GROUP.

11. IN A BRIEF CONVERSATION WITH EMBOFF AT SAOCIAL FUNCTION A FEW DAYS EARLIER, NIAZ NAIK HAD STRUCK A MUCH MORE UPBEAT NOTE. HE FELT CONFIDENT THAT THE GROUP OF 19 WAS NOW IN BASIC AGREEMENT THAT THE CIEC SHOULD BE TREATED AS A SERIOUS NEGOTIATION, NOT A PROPAGANDA EXERCISE. HE EVIDENTLY REGARDED THIS AS AN IMPORTANT VICTORY. HE ALSO MENTIONED, FURTHER UNDERLINING AKRAM'S COMMENTS IN SECOND REFTEL AND ABOVE, THAT PAKISTAN'S STRATEGY WOULD BE TO TACKLE FIRST THOSE ISSUES WHICH WERE "SO EASY THAT RESOLUTION WOULD COME QUICKLY. THIS, HE FELT, WOULD PRODUCE A BETTER ATMOSPHERE WITH WHICH TO APPROACH THE MORE COMPLEX QUESTIONS WHICH WOULD THEN REMAIN. WE BELIEVE, JUDGING FROM AKRAM'S EARLIER COMMENTS AND FROM OUR EARLIER INFORMATION ON THE GOP POSITION, THAT THESE "EASY ISSUES" ARE PRIMARILY THE STEPS ON WHICH SUBSTANTIAL AGREEMENT HAS ALREADY BEEN ACHIEVED IN THE IMF AND AT JAMAICA, PLUS THE WORLD BANK THIRD WINDOW. IN THIS CASE, OF COURSE, PAKISTAN'S POSITION WOULD BE DICTATED AS MUCH BY THE MONEY BENEFITS PAKISTAN WOULD REAP FROM THESE MEASURES AS BY THE GOOD ATMOSPHERE THAT WOULD RESULT.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ISLAMA 00720 02 OF 02 230519Z

BYROADE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, POLICIES, COMMITTEE MEETINGS, PLANNING MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ISLAMA00720
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760025-0922
From: ISLAMABAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760132/aaaabbyy.tel
Line Count: 273
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 9962, 76 ISLAMABAD 38, 76 STATE 15466
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2004 by BoyleJA>; APPROVED <12 AUG 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIEC DIALOGUE
TAGS: ENRG, ECON, IS, CIEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006